

Resolution No.:	<u>19-551</u>
Introduced:	<u>July 14, 2020</u>
Adopted:	<u>July 28, 2020</u>

**COUNTY COUNCIL  
FOR MONTGOMERY COUNTY, MARYLAND**

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Lead Sponsor: County Council

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**SUBJECT:** Special Appropriation to the Fiscal Year 2021 Operating Budget  
Montgomery County Government  
COVID-19 Human Services and Community Assistance NDA  
Short-Term Assistance to Distressed, Affordable Common Ownership  
Communities \$2,025,000 (Source of Funds: Federal Grant)

**Background**

1. Section 308 of the County Charter provides that a special appropriation is an appropriation which states that it is necessary to meet an unforeseen disaster or other emergency, or to act without delay in the public interest. Each special appropriation shall be approved by not less than six Councilmembers. The Council may approve a special appropriation at any time after public notice by news release. Each special appropriation shall specify the source of funds to finance it.
2. A new coronavirus disease, named COVID-19, appeared in China in December 2019 and spread extremely quickly. On March 11, 2020 the World Health Organization declared the disease a pandemic. By July 9, 2020 there were more than 3.1 million confirmed cases and 133,000 confirmed deaths in the United States. On July 9, the State of Maryland reported 71,447 confirmed cases and 3,160 deaths statewide. In Montgomery County there were 15,503 confirmed cases and 716 confirmed deaths.
3. To slow the spread of the disease, Governor Hogan declared a State of Emergency and has issued several Executive Orders with actions that include, but are not limited to, closing schools, closing senior centers and adult medical day care programs, closing all non-essential businesses and limiting the number of people that can gather. These actions along with the health impacts of the pandemic have caused significant unemployment for Maryland residents. Households have lost all or part of their income from total job loss or reduced hours. Many household incomes are stretched thin and cannot pay all or part of their monthly housing costs.

4. Common Ownership Community associations are responsible for paying the common costs for all housing in their communities. The associations' revenues to pay these costs come from monthly fees paid by the homeowners. In many older condominium communities these costs may include all utilities, including those for individual housing units (master-metered buildings.) Older Common Ownership Communities, particularly condominium communities, are a source of affordable housing and are often the way for households with low and moderate incomes to become first-time homeowners. Just as the impacts of COVID-19 have made it difficult for many renters to stay current, households have been unable to pay all or part of their monthly association fee. If the loss of revenue to the association impacts its ability to pay utility bills and other essential costs, the housing of all in the community will be in danger from utility cut-offs or code enforcement violations.
5. Short-term assistance to affordable Common Ownership Communities that are in financial distress because of the loss of revenue since the onset of COVID-19 will promote housing stability and prevent the loss of housing in these communities.
6. Public notice of this special appropriation was provided and a public hearing was held.

### **Action**

The County Council for Montgomery County, Maryland approves the following resolution:

A special appropriation to the FY21 Operating Budget of the Montgomery County Government, in the amount of \$2,025,000 is approved as follows:

	<u>Personnel Expense</u>	<u>Operating Expense</u>	<u>TOTAL</u>	<u>Source of Funds</u>
COVID-19 Human Services and Community Assistance NDA	\$0	\$2,025,000	\$2,025,000	Federal Grant

These funds must be used by the Department of Housing and Community Affairs to implement a short-term assistance program for affordable Common Ownership Communities that are in financial distress because of revenue loss since the onset of the public health emergency declaration for COVID-19.

For purposes of the program funded by this special appropriation "affordable" is defined as Common Ownership Communities with an average sales price of \$195,000 or less per unit, based on recorded sales from 2015-2020. The Department of Housing and Community Affairs will reach out and extend invitations to these affordable communities to apply for this assistance.

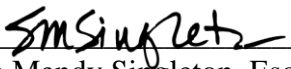
The assistance through this special appropriation will provide grants to Common Ownership Community associations. The grants will be responsive to no more than 75% of the financial gap over a three-month period. Part of the required documentation will be a year-over-year revenue comparison to determine the impact from the COVID-19 health and economic crisis.

Common Ownership Community associations that accept these grants must inform homeowners that they will make best efforts to negotiate repayment plans with individual homeowners for arrearages for the months of April through June 2020 and that no collection action can occur while the repayment plan is in effect. These plans must allow repayment over six to 12 months and a monthly payment for the plan should be no more than 50% of the regular monthly fee.

Common Ownership Community associations that accept these grants must agree to work with the Department of Housing and Community Affairs to undergo a financial “stress test.” This stress test was developed by the Distressed Communities’ Task Force as a way to work with communities on long term financial stability.

This appropriation is needed to act in response to a public health or safety emergency and to act without delay in the public interest.

This is a correct copy of Council action.

  
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Selena Mendy Singleton, Esq.  
Clerk of the Council